

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3555-01
BILL NO.: HB 1430
SUBJECT: Merchandising Practices; Telecommunications
TYPE: Original
DATE: January 31, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0	\$0	\$0
Telemarketing Data- base Revolving Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Attorney General (AGO)** assume the proposal would require their agency to establish and begin operation of a database of telephone numbers of residential subscribers who object to receiving telephone solicitations. The AGO would be required to create rules governing the establishment of the database. The AGO anticipates that a high volume of people would sign up for inclusion in the database; however, the exact number of subscribers is impossible to ascertain. For purposes of this fiscal note, the AGO assumes the number of subscribers would likely exceed 100,000 persons. The AGO would require two additional Investigators (\$25,000 each per year), equipment and operating expenses to carry out the provisions of the proposal with an estimated cost of approximately \$92,000 per full fiscal year to the General Revenue Fund. The proposal would also allow the AGO to establish a fee (not to exceed \$10 annually per subscriber for the first year and not to exceed \$5 annually thereafter) for subscription to and access of the database. The "Telemarketing Database Revolving Fund" would be created in the state treasury to be used exclusively by the AGO to promote, develop, and maintain the telemarketing database. The AGO assumes that the subscription and access fees collected would be adjusted to adequately cover all costs associated with this proposal. Therefore, the AGO assumes the proposal would result in a net fiscal impact of zero for their agency.

Oversight assumes that the state of Georgia currently has similar legislation in place in their state. Based on information provided to the Missouri Secretary of State's office by Georgia officials, twenty-seven staff answered the toll-free telephone number and three staff processed mail during the first three months the "Do Not Call List" was in operation. During the first month that the database and toll-free telephone number were in operation in Georgia, 20,000 residents enrolled on the list. There were 60,000 enrollees during the second month, and 15,000 enrollees during the third month. Eventually, the number of residents enrolling on the list in Georgia leveled out to around 5,000 per month. In response to a similar proposal which would require the Missouri Secretary of State's (SOS) office to organize the telemarketing database, SOS officials assumed they would need 15 temporary clerical positions during the first several months that Missouri's database and toll-free number were in operation to handle the influx of telephone calls by Missouri residents wanting to register. According to the Public Service Commission, there are 3.5 million residential telephone lines in Missouri. Based on data obtained from Georgia, if 5% of the residential telephone lines in Missouri subscribed to the database, there would be approximately 175,000 enrollees. Therefore, Oversight assumes that the initial costs incurred by the AGO could be significantly greater than those reported by the

ASSUMPTION (continued)

AGO. However, the proposal would allow the AGO to establish the fees for subscription to and access of the database. Oversight assumes that the fees established by the AGO would be designed to adequately cover all costs associated with the database. Overall, although the costs incurred could exceed those presented by the AGO, Oversight assumes that the revenues would be adjusted to result in a net fiscal impact of zero.

Officials from the **Office of State Courts Administrator**, the **Office of the State Public Defender**, and the **Office of the State Treasurer** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Office of Prosecution Services (OPS)** assume the proposal would have no fiscal impact on their agency. OPS assumes the proposal could have an unknown fiscal impact on local prosecutors; however, OPS assumes that any costs incurred would be minimal and could be absorbed with existing resources.

In response to a similar proposal, officials from the **Office of the Cole County Prosecuting Attorney** assumed there would not be a significant fiscal impact on their budget.

In response to a similar proposal, the **Department of Public Safety – Missouri State Highway Patrol** assumed there would be no fiscal impact on their agency.

Officials from the **Department of Corrections** assume there could be a minimal fiscal impact on the prison and/or probation populations, as new charges could be brought under existing merchandising practice laws. However, DOC assumes that the fiscal impact would be minimal and could be absorbed with existing resources. DOC further assumes that the need for additional capital improvements or rental space would not be anticipated at this time. It should be noted that the cumulative effect of various new legislation, if adopted, could result in the need for additional capital improvements funding if the total number of new offenders exceeds current planned capacity.

	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - State Government</u>			
GENERAL REVENUE FUND			
<u>Costs</u> – Attorney General (AGO)	(\$41,667)	(\$51,250)	(\$52,531)
Personal Service (2 FTE)	(12,813)	(15,759)	(16,153)
Fringe Benefits	(37,333)	(24,823)	(25,568)
Equipment and Expense	(\$91,813)	(\$91,832)	(\$94,252)
<u>Income</u> – Transfers from Telemarketing Database Revolving Fund	<u>\$91,813</u>	<u>\$91,832</u>	<u>\$94,252</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TELEMARKETING DATABASE REVOLVING FUND			
<u>Income</u> – Fee Collections*	\$91,813	\$91,832	\$94,252
<u>Costs</u> – Distributions to AGO	(91,813)	(91,832)	(94,252)
ESTIMATED NET EFFECT ON TELEMARKETING DATABASE REVOLVING FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

* **NOTE:** The AGO assumes fees would be based on database costs.

	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - Local Government</u>			
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Certain businesses that participate in telemarketing solicitation efforts could be fiscally impacted as a result of this proposal.

DESCRIPTION

MJC:LR:OD:005 (9-94)

The proposal would require the Attorney General to establish and maintain a statewide database of telephone numbers of consumers who object to receiving telephone solicitations. The Attorney General would: 1) specify methods by which database information would be added, removed, and accessed; 2) determine an initial listing charge not to exceed \$10 and a renewal listing charge not to exceed \$5 annually; 3) specify methods for recovering costs involved in maintaining the database; and 4) specify the frequency with which the database would be updated and how compliance would be ensured, allowing at least ten calendar days for affected persons to update their databases. It would be an unlawful merchandising practice to make telephone solicitations to consumers included in the database and to make telephone solicitations without first accessing the then current database. Current law makes unlawful merchandising practices a class D felony. The proposal would also create the "Telemarketing Database Fund" in the state treasury to be used to defray the costs associated with creating and maintaining the database and enforcement of the proposal's provisions.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Attorney General
Office of State Courts Administrator
Office of the State Treasurer
Department of Public Safety – Missouri State Highway Patrol
Office of Prosecution Services
Office of the Cole County Prosecuting Attorney
Office of the State Public Defender
Department of Corrections



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Director
January 31, 2000